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COLUMBIA, SOUTH CAROLINA

August 10, 2009

**VIA ELECTRONIC FILING**

The Honorable Charles L.A. Terreni  
Chief Clerk and Administrator  
Public Service Commission of South Carolina  
Post Office Drawer 11649  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29211

RE: Docket Nos. 2002-153-E and 2003-346-E  
Fixed Payment Programs for Residential Customers and  
Small General Service Customers  
**Notice of Program Suspension**

Dear Mr. Terreni:

On May 16, 2002, the Public Service Commission of South Carolina ("Commission") approved the request by Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or "Company") for a Levelized Billing Program, since renamed Fixed Payment Program ("FPP") for residential customers. The Commission approved an FPP Pilot for small general service customers (collectively "Programs"). The approved tariffs for these programs provide that the programs are available on a voluntary basis at the option of the Company. The tariffs further provide that the participating customers' FPP bills are based upon historical usage, adjusted to reflect normal weather and expected changes in usage, and will be calculated on the customer's applicable rate schedule.

Duke Energy Carolinas has recently filed a general rate case to increase its base rates and has pending adjustments for fuel and energy efficiency costs. Under the terms and conditions of the Programs, these proposed rate increases are not included in determining a customer's FPP quote for renewals that would be in place after the Commission rules on the proposed rate changes. Due to this issue, the Company is not in a position to continue the Programs at this time. Duke Energy Carolinas, therefore, files this notice that it will suspend the Programs effective September 1, 2009, pursuant to the Availability provisions discussed above.

Because the Company's experience with FPP indicates a high level of customer satisfaction, Duke Energy Carolinas will suspend, rather than cancel the Programs such that the Company may reinstate these Programs in the future once rates have stabilized.

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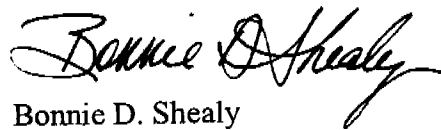
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Customers currently on these Programs will continue to receive their fixed monthly bills until their twelve-month period has expired, at which time participating customers would return to normally monthly billing under the applicable residential or general service rate schedule, as appropriate. For some residential customers the change would occur in September 2009, and the remaining residential customers would change to normal monthly billing in March. The nonresidential customers would change to normal billing in October 2009. Eligible customers will also have the option of enrolling in the Equal Payment Plan, which also provides customers some predictability in their monthly bill, but with an annual true up.

This notice filing does not require any action by the Commission. Enclosed are revised tariffs for the Programs indicating that they are currently suspended. Please let me know if you have any questions.

Very truly yours,

ROBINSON, MCFADDEN & MOORE, P.C.

  
Bonnie D. Shealy

/bds  
Enclosures

cc/enc: Dan F. Arnett, ORS Chief of Staff  
Jeffrey M. Nelson, ORS Staff Attorney

## FIXED PAYMENT PROGRAM (SC)

AVAILABILITY (South Carolina only)

This program is suspended but remains available through the August 2009 billing, for customers whose annual renewal is in September and through the February 2010 billing for those customers whose annual renewal is in March. Available on a voluntary basis, at the option of the Company, to residential customers in residences, served on Rate Schedule RS or RE, who have resided at the residence and have kilowatt-hour (kWh) usage history for twenty-four (24) consecutive months and who have a satisfactory payment record. The Company reserves the right to offer this program to customers with a minimum of twelve (12) months' usage history. This program is not available for customers receiving concurrent service on Schedule WC, or to customers who have been served on Schedule WC during the most recent 24 months.

PROGRAM PROVISIONS

Under this program, the Company will estimate the monthly kWh usage for the ensuing 12 month period based on the Customer's previous historical metered usage, adjusted to reflect normal weather and for expected changes in usage. The Customer's expected usage for each month will be calculated on the Customer's applicable rate schedule. The resulting sum of the expected monthly bills, plus a 4.1% risk fee, will be divided by 12, and a \$1.00 per month administrative fee will be added to determine the Fixed Payment to be paid by the Customer each month in lieu of charges for the actual kilowatt-hours used calculated on the Customer's applicable rate schedule.

If the Customer is not currently a Customer on the Fixed Payment Program, the Company shall provide to the Customer the calculation of the Fixed Payment Billing amount for the Program Year and the minimum, maximum and average monthly charges the Customer has paid in the previous 24 months. If the Customer currently is a Customer on the Fixed Payment Program, the Company shall provide to the Customer the current and new Fixed Payment amounts and the minimum, maximum and average monthly charges the Customer would have paid in the previous 24 months in the absence of the Customer's participation on the Fixed Payment Program. The Fixed Payment amount will not include usage or charges for additional services including but not limited to load control, outdoor lighting, or other separately metered services. Service under this program requires that the Customer enroll prior to the beginning of a specified "Program Year" as determined by the Company.

PAYMENT

The monthly bill rendered under this program is due and payable in accordance with the applicable Residential Rate Schedules and Service Regulations of the Company. The charges associated with additional services (such as load control and outdoor lighting) will be determined in accordance with the applicable rate schedules for such service.

CONTRACT PERIOD

Service under this program shall commence with the first billing period of a designated "Program Year," each year for a minimum one-year term, renewable annually, at the option of both parties. Each year prior to the anniversary of the original contract, the Company shall review the Customer's account, and prepare a new Fixed Payment amount for the following contract year. The new Fixed Payment amount for the next year and the information described above shall be provided to the customer at least 30 days prior to the end of the then current Program Year. A new Fixed Payment contract and amount will commence each successive Program Year unless terminated by the Customer or the Company.

The Customer may terminate the contract at the end of any Program Year at no charge. The Customer may terminate at any time during a Program Year with written notice to the Company to be effective the next billing cycle. In addition, the Company reserves the right to terminate the Customer's service under this program if the Customer's actual kWh usage in each of three consecutive months exceeds the estimated usage by 30% or more, or for any other violation of this program.

If a Customer requests to be removed from the program during the Program Year and continue service on a standard tariff at the same location, or if the Company removes a customer for excessive usage or other violation of the program, the Customer will be charged a \$30.00 termination fee. If a customer ceases to receive service at the same location, no termination fee will be charged.

General Service

**FIXED PAYMENT PLAN PROGRAM**

Pilot

AVAILABILITY (South Carolina only)

This program is suspended but remains available through the September 2009 billing. Available on a voluntary basis, at the option of the Company, to up to 1200 general service customers, who would otherwise be served on Rate Schedules G or GA, who have been at the same location and have kilowatt-hour (kWh) usage history for the past twelve (12) consecutive months. The customer must also have a minimum daily usage of 5 kWh, a maximum demand of not more than 28 KW, and have a satisfactory payment record.

PROGRAM PROVISIONS

Under this program, the Company will estimate the monthly kWh usage for the ensuing 12 month period based on the Customer's previous historical metered usage, adjusted to reflect normal weather and for expected changes in usage. The Customer's expected usage for each month will be calculated on the Customer's applicable rate schedule. The resulting sum of the expected monthly bills, plus a 4.4 % risk fee, will be divided by 12, and a \$1.00 per month administrative fee will be added to determine the Fixed Payment amount to be paid by the Customer each month in lieu of charges for the actual kilowatt-hours used calculated on the Customer's applicable rate schedule. Pursuant to Duke Power Service Regulations, bills rendered for periods of less than 25 or more than 35 days will be prorated on the basis of a normal 30-day billing period.

If the Customer is not currently a Customer on the Fixed Payment Plan, the Company shall provide to the Customer the calculation of the Fixed Payment amount for the Program Year and the minimum, maximum and average monthly charges the Customer has paid in the previous 12 months. If the Customer currently is a Customer on the Fixed Payment Plan Program, the Company shall provide to the Customer the current and new Fixed Payment amounts and the minimum, maximum and average monthly charges the Customer would have paid in the previous 12 months in the absence of the Customer's participation on the Fixed Payment Plan Program. The Fixed Payment amount will not include usage or charges for additional services including but not limited to outdoor lighting or other separately metered services. Service under this program requires that the Customer enroll prior to the beginning of a specified "Program Year" as determined by the Company.

PAYMENT

The monthly bill rendered under this program is due and payable in accordance with the applicable Rate Schedule and Service Regulations of the Company. The charges associated with additional services (such as outdoor lighting) will be determined in accordance with the applicable rate schedules for such service.

CONTRACT PERIOD

Service under this program shall commence with the first billing period of a designated "Program Year," each year for a minimum one-year term, renewable annually, at the option of both parties. Each year prior to the anniversary of the original contract, the Company shall review the Customer's account, and prepare a new Fixed Payment amount for the following contract year. The new Fixed Payment Plan amount for the next year and the information described above shall be provided to the customer at least 30 days prior to the end of the then current Program Year. A new Fixed Payment contract and amount will commence each successive Program Year unless terminated by the Customer or the Company.

If during the Program Year the Customer's demand exceeds 28KW in a billing period the Company will terminate the Customer's service under this program and the Customer will be billed under a standard service tariff for that billing period.

The Customer may terminate the contract at the end of any Program Year at no charge. The Customer may terminate at any time during a Program Year with written notice to the Company to be effective the next billing cycle. In addition, the Company reserves the right to terminate the Customer's service under this program if the Customer's actual kWh usage in each of three consecutive months exceeds the estimated usage by 30% or more, or no longer meets the qualifications of this rate schedule, or for any other violation of this program.

If a Customer requests to be removed from the program during the Program Year and continue service on a standard rate schedule at the same location, or if the Company removes a customer for excessive usage or other violation of the program, the Customer will be charged a \$30.00 termination fee. If a customer ceases to receive service at the same location, or is removed because Customer demand has exceeded 28KW in a billing period, no termination fee will be charged.